

Message Text

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ACTION AF-10

INFO OCT-01 ARA-10 EUR-12 EA-10 NEA-10 IO-13 ISO-00
L-03 FRB-03 OMB-01 ITC-01 SP-02 ICA-11 AGRE-00
AID-05 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15
PA-01 GSA-02 INT-05 /148 W
-----046775 071728Z /53

P R 071415Z JUL 78
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC PRIORITY 765
INFO AMEMBASSY BELGRADE
AMEMBASSY BRUSSELS
AMEMBASSY BUENOS AIRES
AMCONSUL BUKAVU POUCH
AMEMBASSY CANDERRA
USMISSION GENEVA
AMEMBASSY HELSINKI
AMEMBASSY JAKARTA
AMEMBASSY LIMA
AMEMBASSY LONDON
AMCONSUL LUBUMBASHI
AMEMBASSY LUSAKA
AMEMBASSY MANILA
AMEMBASSY MEXICO
AMEMBASSY NOUAKCHOTT
AMEMBASSY OTTOWA
AMEMBASSY PARIS
AMCONSUL PORT MORESBY
AMEMBASSY SANTIAGO
AMEMBASSY TEHRAN
AMEMBASSY WARSAW

C O N F I D E N T I A L SECTION 1 OF 2 KINSHASA 7063

E.O. 11652: GDS
TAGS: ECIN EMIN ETRD UNCTAD CIPEC US CG AS
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SUBJ: CIPEC MINISTERIAL MEETING

REF: KINSHASA 6811 (NOTAL)

1. SUMMARY: ACCORDING TO AUSTRALIAN DELEGATION TO 13TH CIPEC
MINISTERIAL THIS WAS AN UNEVENTFUL MEETING. ATTENTION CENTERED
ON THE NEED FOR SOME PROGRESS IN THE UNCTAD PRODUCER-CONSUMER

TALKS AND THE INCREASING URGENCY OF A BUFFER ARRANGEMENT. THE US WAS GENERALLY VIEWED AS THE PRINCIPAL STUMBLING BLOCK IN THIS AREA, BUT DID COME IN FOR SOME PRAISE FOR SO FAR HAVING TAKEN ACTIONS TO PROTECT THE DOMESTIC COPPER INDUSTRY AGAINST IMPORTS. NONE-THELESS THE POSSIBILITY OF AN ADVERSE ITC RULING ON THE CURRENT COMPLAINT REMAINS WORRISOME. THERE WAS NO FURTHER TALK OF A 15 PERCENT CUTBACK IN COPPER PRODUCTION BY ANY OF THE PRODUCERS, AND UNLIKE PREVIOUS CIPEC MEETINGS THERE WAS NO EVIDENCE OF TENSION BETWEEN THE LATINS AND AFRICANS ON THIS OR ANY OTHER MAJOR ISSUE. WITH GUERONIK'S RETIREMENT THE POST OF CIPEC SECGEN WILL ROTATE AMONG THE CIPEC MEMBERS, WITH CHILE TO TAKE THE FIRST TURN. HOWEVER, CHILE WAS NOT ABLE TO OFFICIALLY PUT FORWARD ITS CANDIDATE AT THIS TIME SO A SPECIAL MINISTERIAL MEETING WILL BE HELD IN PARIS IN OCT. END SUMMARY.

2. FOLLOWING THE FINAL SESSION OF THE 13TH MINISTERIAL MEETING OF THE INTERGOVERNMENTAL COUNCIL OF COPPER EXPORTING COUNTRIES (CIPEC) EMBOFFS WERE BRIEFED BY FRANK CRAWFORD (AUSTRALIAN DELEGATION TO OECD) AND DAVID PEARCE (AUSTRALIAN HIGH COMMISSION-LAGOS), TWO OF THE THREE AUSTRALIAN DELEGATES TO THE MEETING. CRAWFORD CHARACTERIZED THE MEETING AS UNEVENTFUL, THERE WERE NO MAJOR DECISIONS OR DISPUTES, NOR WAS THERE ANY SIGN OF THE PREVIOUS TENSION BETWEEN THE AFRICAN AND LATIN AMERICAN MEMBERS OF THE GROUP. THE PRIMARY TOPIC OF DISCUSSION WAS THE NEED FOR PROGRESS IN THE UNCTAD PRODUCER-CONSUMER TALKS, ESPECIALLY FOR SOME MOVEMENT ON SETTING CONFIDENTIAL

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UP A BUFFER STOCK FOR COPPER.

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C O N F I D E N T I A L SECTION 2 OF 2 KINSHASA 7063

3. CRAWFORD NOTED THAT ALL THE DELEGATIONS WERE KEEN ON GETTING A
PERMANENT PRODUCER-CONSUMER GROUP SET UP QUICKLY, AND ADDED THAT
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THE US WAS WIDELY VIEWED AS THE MAJOR, IF NOT ONLY, "FLY IN
THE OINTMENT" PRIMARILY BASED ON ITS "TRADITIONAL" DISLIKE OF
COMMODITY AGREEMENTS. CRAWFORD STRESSED THIS AND THE AUSTRALIAN
POINT OF VIEW THAT UNLESS THERE IS SOME MOVEMENT ON THE PART OF
THE US THINGS MIGHT BECOME ESPECIALLY STICKY WITH THE LDCE WITHIN
THE NEXT YEAR OF SO, IN PARTICULAR SHOULD THERE BE ANOTHER WORLD-
WIDE RECESSION. THE QUESTION OF UNCTAD LINKAGE FOR THE PRODUCER-
CONSUMER ORGANIZATION WAS NOT DISCUSSED AT LENGTH, HOWEVER, OF
INTEREST WAS THAT THE CHILEAN DELEGATION HAD INSTRUCTIONS
TO DOWNPLAY THEIR PREVIOUS OPPOSITION TO THE UNCTAD UMBRELLA AND
NOT TO TAKE THE LEAD ON THIS ISSUE, LEAVING THAT TO THE AUSTRALIANS.

4. THE CURRENT STATE OF COPPER STOCKS AND THE
DEPRESSED MARKET WERE ALSO COVERED IN SOME DETAIL. SEVERAL PRODUCERS
NOTED THAT ROUGHLY 80 PCT OF THE LME STOCKS ARE OF LOW GRADE WIRE
BAR, THAT THE REMAINING 20 PCT IS BEING RATHER TIGHTLY HELD,
AND THAT THERE ARE NO SUBSTANTIAL STOCKS OF CATHODE. NONETHELESS,
THE CONTINUED LOW PRICE HAS CAUSED WIDESPREAD CONCERN ABOUT POSSIBLE
PROTECTIONIST MOVES BY THE US. ALTHOUGH THE ZAIRIAN MINISTER OF MINES
PRAISED THE US IN HIS CLOSING SPEECH FOR NOT HAVING TAKEN

PROTECTIONIST STEPS AT THIS POINT, THERE IS STILL PRODUCER NERVOUSNES
S
ABOUT THE OUTCOME OF THE ITC HEARINGS ON COPPPER. THE INCREASING
ROLE OF THE US IN THE INTERNATIONAL COPPER MARKET WAS BROUGHT OUT
BOTH IN THE DISCUSSIONS AND IN LOCAL PRESS PLAY ON THE CONFERENCE.
(IN FACT, THE ZAIRIAN PRESS HAS DUBBED THE US THE COUNTRY THAT
SETS THE PRICE FOR COPPER, AND ATTRIBUTES THE CURRENT LOW PRICE
TO THE POOR ECONOMIC SITUATION IN THE US AT THE PRESENT TIME.)

5. THERE WAS NO FURTHER TALK OF THE 15PCT PRODUCTION CUT AGREED
TO BY PERU, ZAMBIA, AND ZAIRE, EITHER OFFICIALY OR IN THE CORRIDORS,
AND THE MATTER SEEMS TO BE A DEAD ISSUE, ALTHOUGH THE GOZ
MAY NOT YET HAVE GIVEN UP AS THE THEME WAS REPEATED SEVERAL TIMES
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IN BOTH LOCAL DAILIES. THE QUESTION OF ENCOURAGING COPPER USE
STUMBLED ON THE PROBLEM OF ADDITIONAL FINANCING OF PROMOTIONAL
ACTIVITIES AND WAS DEFERRED, AS WAS THE QUESTION OF PARTICIPATION
IN A COUNCIL OF ASSOCIATION OF RAW MATERIALS EXPORTERS.

6. WITH THE RETIREMENT OF SACHA GUERONIK IT WAS DECIDED THAT THE
SECRETARY-GENERALSHIP WOULD NOW ROTATE AMONG THE FULL MEMBERS,
BEGINNING WITH THE ORIGINAL MEMBERS. CHILE WAS TO PROPOSE THE FIRST
CANDIDATE, BUT FOR APPARENTLY TECHNICAL DOMESTIC POLITICAL REASONS
WAS UNABLE TO PUT FORWARD THE NAME OF THEIR CANDIDATE AT THIS TIME.
THEREFORE, A SPECIAL MINISTERIAL MEETING WILL BE CALLED IN PARIS IN
OCT, PRIMARILY TO CONFIRM GUERONIK'S REPLACEMENT. THE AUSTRALIANS
EXPRESSED SOME CONCERN ABOUT THE FUTURE COHERENCE OF CIPEC WITHOUT A
STEADYING FORCE SUCH AS GUERONIK, ALTHOUGH THEY DOUBTED
THAT THEY WOULD HAVE ANY PROBLEMS WITH THE CHILEAN CADIDATE.
THIS MIGHT NOT BE TRUE FOR LATER CANDIDATES FOR SECGEN. THERE WAS
SOME TALK AMONG THE DELEGATES THAT IRAN WILL BE THE NEXT TO JOIN
CIPED ONCE ITS MINE IS IN OPERATION, BUT THE IRANIAN DELEGATION
WAS UNINSTRUCTED ON THIS POINT. OTHER POSSIBLE NEW MEMBERS ARE
CONSIDERED TO BE POLAND AND MEXICO.

7. EMBASSY WILL PROVIDE TEXT OF FINAL COMMUNIQUE AS SOON AS
AVAILABLE.
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